

**SUMMARY OF MAJOR CHANGES TO CHAPTER 1  
DOD 7000.14-R, VOLUME 7C  
MILITARY PAY POLICY AND PROCEDURES FOR RETIRED PAY**

**New and revised instructions are indicated by a star placed immediately before the new or revised section, paragraph, subparagraph, decision logic table, etc.**

<b>Page</b>	<b>Paragraph</b>	<b>Explanation of Change/Revision</b>	<b>Effective Date</b>
1-8	010403.B	Interim change C1-99 addresses voluntary separation incentive (VSI) – upon death of a member – when beneficiaries are minor children.	Feb 23, 1999

*Interim change C1-99 is incorporated in this chapter.*

## CHAPTER 1

### **SPECIAL AND VOLUNTARY SEPARATION PAYMENT PROCEDURES**

#### 0101 GENERAL PROVISIONS

010101. Purpose. This chapter provides procedures for the administration and payment of the special separation benefits programs to mid-career service members of the Military Services in over strength inventories. Special separation benefits (SSB) and voluntary separation incentives (VSI) are authorized in 10 U.S.C. 1174a and 1175 (reference (a)).

010102. Applicability and Scope. This chapter applies to each Defense Finance and Accounting Service (DFAS) Center that maintains a military pay system, each Military Service personnel activity, the Defense Manpower Data Center (DMDC), and eligible members of the Military Services.

010103. Policy. The VSI/SSB programs provide two alternative incentive payments and benefit options, each with a requirement for affiliation with the Ready Reserve of a Reserve Component. A Military Service member who is approved for the voluntary separation incentive programs has the option to receive either a VSI or an SSB.

#### 010104. Responsibilities

A. Personnel Activity for the Military Service Member. The servicing active duty personnel activity for the member is the primary coordinating activity responsible for the overall administration of these programs. Each activity approves a separation with entitlement to VSI or SSB, and advises the appropriate DFAS Center through normal personnel/finance communications media. The personnel activity also notifies the appropriate DFAS Center immediately if there are any changes which would affect the payment.

B. Reserve Personnel Activity for the VSI Recipient. The Reserve personnel activity will notify the DFAS-Cleveland Center (See subparagraph 010202.B.3, below, for the complete address.) in the event that the VSI recipient member is transferred from the Ready Reserve to the Standby Reserve or the Retired Reserve, through fault considered to be within the control of the member. This notification is necessary to stop any remaining VSI installments.

C. Original Servicing DFAS Center for the Military Service Member. The original servicing DFAS Center records the initial VSI/SSB payment to a member, as well as processes any correction or change authorized by the personnel activity. The applicable DFAS Center sends all corrections or changes to an initial VSI/SSB payment to the DFAS-Cleveland Center, within 30 days of correction. The original servicing DFAS Center is the primary source for information concerning the initial VSI/SSB payment to a member, as well as general guidance

concerning VSI/SSB payment procedures. Each DFAS Center is responsible for keeping the DFAS-Cleveland Center informed of any changes.

D. DFAS-Cleveland Center. The DFAS-Cleveland Center is the central site location for all VSI annual payments. The original servicing DFAS Center transfers VSI accounts to the DFAS-Cleveland Center following the initial payment to a member. Once the account is transferred, the DFAS-Cleveland Center provides customer service support for VSI recipients and becomes the primary source for VSI account assistance and maintenance. As such, the DFAS-Cleveland Center maintains a VSI telephone “hot line” and a customer service unit that is responsive to the needs of the VSI recipient. The DFAS-Cleveland Center maintains the VSI member account until all annual installments are paid, or until the death of the VSI member recipient.

E. DFAS-Denver Center. The DFAS-Denver Center is the central site location for all VSI annual beneficiary payments. Following the death of a VSI recipient, the DFAS-Denver Center provides customer service support for designated beneficiaries and is the primary source for VSI beneficiary account assistance and maintenance.

F. DMDC. The DMDC maintains a personnel data base that identifies and tracks participation in the VSI/SSB programs. Because of the requirement for Reserve affiliation, the DMDC provides advice of Reserve participation to the DFAS-Cleveland Center.

G. Department of Defense Board of Actuaries. The DoD Board of Actuaries (hereinafter referred to as the “Board”) shall:

1. Determine an amount which is the total present value, as of January 1, 1993, of the future benefits payable to persons who separate under VSI prior to January 1, 1993. The Board also determines an amortization schedule for liquidating the original unfunded liability of the “Fund.” (The “Fund” is classified as a trust fund and is designated as account number 97X8335, “Voluntary Separation Incentive Fund.” This Fund consists of a receipt and an expenditure account.)

2. Determine an amount which is the total present value, as of September 30, 1995, of the future benefits payable to persons who separate under VSI after December 31, 1992.

3. For each fiscal year beginning with fiscal year 1996, carry out an actuarial valuation for the Fund and determine any new unfunded liabilities arising from gains and losses to the Fund. The Board also determines an amortization schedule for liquidating these new unfunded liabilities. For the upcoming fiscal years, the Board will determine, in sufficient time as to be included in each fiscal year budget request, the amount of DoD contributions to the Fund necessary to comply with the amortization schedules for the Fund’s original and new unfunded liabilities.

0102 REQUIREMENTS AND PAYMENT PROCEDURES010201. General Administrative Requirements

A. Eligibility for VSI/SSB. The Secretary of the Military Department concerned (or designee) may offer a member of the Armed Forces the opportunity to apply for VSI/SSB if the member meets the administrative requirements found in Volume 7A, Chapter 35, of this Regulation (reference (b)).

B. Application for VSI/SSB. Military Service members who meet the eligibility criteria described above may request, and subsequently enter into, a written agreement with the Secretary of the Military Department concerned (or designee) to separate from active duty and accept an appointment or enlistment in, or transfer to, the Ready Reserve of a Reserve Component.

C. Approval for VSI/SSB. Eligible members are not automatically entitled to receive VSI/SSB based solely on his/her request. The Secretary of the Military Department concerned (or designee) reviews all applications for special voluntary separation benefits and approves only those consistent with the needs of the Military Department concerned.

010202. Payment Processing

A. VSI/SSB Personnel Support. The servicing personnel activity provides members who are approved for special voluntary separation benefits with guidance and counseling necessary to complete the separation process. The personnel activity completes all documentation necessary to support the initial VSI/SSB payment.

B. VSI Payments

1. Upon separation, the Military Service member completes a DD Form 2058 (State of Legal Residence Certificate) and TD Form W-4 (Employee's Withholding Allowance Certificate). A member who wishes to designate beneficiaries completes a VSI Beneficiary Form.

2. The DFAS-Cleveland Center sends annual VSI payments to the bank account for the VSI recipient via electronic funds transfer (EFT). The member completes SF 1199-A (Direct Deposit Sign-Up Form) to establish EFT payments. If an SF 1199-A is not available, the VSI recipient submits the financial institution routing transit number and a canceled check or deposit slip, that shows his/her account number and bank address.

3. The servicing personnel activity of the member submits completed forms to:

Defense Finance and Accounting Service  
Cleveland Center (Code FRCBC)  
1240 East Ninth Street  
Cleveland, OH 44199-2056

4. The original servicing DFAS Center of the member closes out the active duty pay account and records the initial VSI payment. That DFAS Center sends information to establish the VSI account, via file transfer, to the DFAS-Cleveland Center within 30 days after the active duty pay account is closed. If a member identifies himself/herself as a VSI recipient, but no record transferred to the DFAS-Cleveland Center, the original servicing DFAS Center of the member initiates efforts immediately to confirm the VSI status and provides either the required account information, or VSI account denial, to the DFAS-Cleveland Center within two workdays after the VSI status is confirmed. If any DFAS Center changes or corrects a status (e.g., a member previously identified as a VSI separatee is corrected to an SSB separatee), that Center notifies the DFAS-Cleveland Center immediately with a telephone call and follows up with a facsimile document to support the change.

5. After the initial payment, the DFAS-Cleveland Center issues all subsequent annual payments on the anniversary of the separation. In the event that the anniversary date falls on a weekend or holiday, pay according to the same rules followed for regular active duty paydays.

C. SSB Payments. The original servicing DFAS Center of the member makes all SSB payments. The respective Center closes out the active duty pay account, records the SSB payment, and sends information concerning the SSB account to the DFAS-Cleveland Center within 30 days after the active duty account is closed.

D. Withholding Requirements

1. Federal Income Tax Withholding (FITW)

a. Initial VSI and SSB Payments. FITW withholding is applicable flat rate percentage of the gross payment. DFAS includes all SSB and initial VSI payments with other taxable pay amounts during that calendar year when it reports via the TD Form W-2 in January of the following calendar year.

b. Annual VSI Payments. FITW withholding from annual VSI payments is based upon the annual Percentage Method of Withholding Table. A valid TD Form W-4 is required to compute the proper withholding amount under this method. If the member does not submit a TD Form W-4, compute the tax withholding as if the member is single, with no withholding exemptions. All anniversary payments are produced by the DFAS-Cleveland Center and reported to the member via TD Form W-2 in January of the calendar year following the payment.

2. State Income Tax Withholding (SITW). VSI and SSB payments are subject to state withholding for a resident of a state which entered into an agreement with the Secretary of the Treasury. State withholding and reporting for the SSB and initial VSI payment are based on the legal residence of the member at the time of separation from active duty. (See Volume 7A, Chapter 44, subparagraph 440106.C of this Regulation, for those states which have entered into an agreement.) For VSI anniversary payments, state income tax withholding is based upon the state of legal residence claimed on DD Form 2058 (State of Legal Residence Certificate) or, if no new DD Form 2058 is submitted, state income tax withholding is based upon the state of legal residence claimed by the member on DD Form 2058 on file at separation.

3. The DFAS Center does not withhold FICA or any other payroll taxes from VSI and SSB payments.

### 0103 DEBT COLLECTION PROCEDURES

010301. General. VSI/SSB payments are subject to offset for debt collection. When a member is released from active duty with debts due the United States, offset from the initial VSI/SSB entitlement the amount of the debt. In the case of VSI, if the debt is greater than the initial payment, the remaining debt may be collected from subsequent installments. Collections are made according to the administrative offset provisions contained in 31 U.S.C. 3716 (reference (c)). The collection of debts from VSI/SSB payments is consistent with standard debt collection procedures and policies.

#### 010302. Debt Collection

##### A. VSI Overpayment

1. Overpayment of Initial VSI installment. The DFAS Center that paid the initial VSI payment pursues collection action using “out of service” debt collection procedures. If the VSI account has already been transferred to the DFAS-Cleveland VSI pay system, notify the DFAS-Cleveland Center, Code FRCBC, within five days with the correct payment information. If debt collection actions prove unsuccessful, follow the provisions of subparagraph 010302.C.2, below.

2. VSI Anniversary Overpayment. A debt incurred as a result of an anniversary overpayment, is pursued as an “out of service” debt by the DFAS-Cleveland Center. If the debt cannot be collected through these procedures, offset the amount owed from subsequent installment payments. Offset includes any applicable interest, administrative, and/or penalty charges.

B. SSB Overpayment. The original servicing DFAS Center of the member treats a debt incurred as a result of overpayment of SSB entitlement as an “out of service” debt. Pursue overpayment according to standard debt collection procedures.

C. Active Duty Debts

1. Amounts due the United States are offset against the initial VSI/SSB payment at the time member separates. The original servicing DFAS Center pursues any uncollectible amounts using “out of service” debt collection procedures.

2. The DFAS-Denver Center retains debts for VSI recipients as long as collection efforts are satisfactory. If collection efforts prove unsuccessful, the servicing DFAS Center forwards the debt to the DFAS-Cleveland Center, Code FRCBC, for administrative offset against the next VSI installment payment. Such debts are transferred to the DFAS-Cleveland Center no later than 90 days before the next VSI installment payment using a DD Form 139 (Pay Adjustment Authorization). The DD Form 139 states that due process has been accorded the member. Once offset action has been taken, the DFAS-Cleveland Center credits the proper military personnel appropriation and notifies the applicable DFAS Center of the amounts collected. If the total debt cannot be liquidated from a single VSI anniversary installment, the respective DFAS Center resubmits the remaining debt for offset, including any applicable interest, administrative and/or penalty charges, until the total debt is satisfied.

D. Debts Owed to Nonappropriated Fund Instrumentalities (NAFI). Annual VSI installments are available for collection of debts owed to NAFI activities by the member.

1. The NAFI is responsible for providing notification of the existence of the debt and for due process to the debtor. The initial NAFI notification to the debtor includes the demand for immediate payment in full of the debt.

2. The NAFI sends a DD Form 139 to the DFAS-Cleveland Center to effect collection (see subparagraph 010202.B.3, above, for the address). The DD Form 139 contains the following statement: “Member has been provided due process according to Department of Defense Financial Management Regulation, Volume 7A, subparagraph 500104.A.2.”

3. The entire amount of the VSI entitlement is available for offset according to the administrative offset provisions contained in 31 U.S.C. 3716 (reference (c)).

E. Debts Owed to Non-DoD Federal Agencies. The DMDC receives and certifies all requests for administrative offset from non-DoD federal agencies. Once certified, the DMDC sends the request, via a DD Form 139 or a letter of transmittal, to the original servicing DFAS Center of the member. This DFAS Center satisfies the request by administrative offset of the SSB or initial VSI payment. On VSI payments, refer any debts to the DFAS-Cleveland Center for offset against future VSI installments after the account has transferred to the DFAS Cleveland Center.

010303. Garnishments. Garnishment orders remain in effect. Transfer garnishment cases for VSI recipients to the DFAS-Cleveland Center for administration.

0104 BENEFICIARY PAYMENT PROCEDURES010401. Designation of Beneficiaries

A. A member may designate beneficiaries to receive VSI installments which remain unpaid after the death of the member.

1. The VSI recipient makes designations using the VSI Beneficiary Designation Form. The VSI recipient may designate different percentages to be received by multiple recipients. In the event percentage elections are not made, divide payments equally among the designated beneficiaries.

2. The servicing personnel activity of the member administers the form at time of separation. The completed form is sent to the DFAS-Cleveland Center, Code FRCBC, within 30 days of the election.

3. After separation, the VSI recipient changes his/her beneficiary information by sending a notarized VSI Beneficiary Designation Form to the DFAS-Cleveland Center.

B. The DFAS-Cleveland Center maintains beneficiary forms for all VSI recipients until the end of the VSI entitlement period, or until the recipient dies.

010402. Notification of Death and Beneficiary Claim

A. The DFAS-Cleveland Center requires death notification of a VSI recipient. Upon notification and receipt of proof of death, such as a civil death certificate, the DFAS-Cleveland Center closes out the active VSI account and transfers it to the DFAS-Denver Center for beneficiary payment.

B. The DFAS-Denver Center notifies the beneficiary of entitlement to future VSI payments on behalf of the member. The DFAS-Denver Center requires a claim from the beneficiary before payments begin.

C. No specific form is required to claim beneficiary payments. A statement claiming future VSI payments, with the signature and social security number of the beneficiary, is sufficient. Beneficiary claims are sent to:

Defense Finance and Accounting Service  
Denver Center (DFAS-DE/FRSA)  
6760 E. Irvington Place  
Denver, CO 80279-6000

010403. Beneficiary Payment

A. The DFAS-Denver Center makes all remaining annual installments to the designated beneficiaries. If a valid designation is not made or received, payments are distributed according to the order of precedence contained in 10 U.S.C. 2771 (reference (a)). Annual installments continue to pay on the anniversary date of the original VSI payment date.

★ B. *In the event a beneficiary dies after a VSI recipient, payments shall be distributed to the estate of the beneficiary. The DFAS-Denver Center shall pay according to the laws governing the state of legal residence of the beneficiary. Installment payments due a minor child are paid to the legally appointed guardian, or, if there is no legal guardian, to the natural parent who has care, custody, and control of the child. (IC C1-99)*

C. Withholding Requirements

1. FITW is based upon the TD Form W-4P (Withholding Certificate for Pension or Annuity Payments) submitted by the recipient. If a TD Form W-4P is not submitted, the DFAS Center calculates withholding as for a married person claiming three withholding allowances.

2. State income taxes or FICA are not withheld from beneficiary payments.

3. The DFAS-Denver Center issues a TD Form 1099-R (Distribution from Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc.) to each beneficiary.

D. The DFAS-Denver Center does not honor garnishment orders against beneficiary payments.

E. If a beneficiary is indebted to the government, the debt may be collected from VSI installment payments.

0105 ACCOUNTING PROCEDURAL GUIDANCE

010501. Purpose. This section prescribes accounting procedures for implementing and administering the SSB and VSI programs.

010502. Financing SourcesA. SSB Program

1. SSB entitlements are funded from the current Military Personnel Appropriation.
2. All obligations for SSB are recorded separately from other pay and allowances.

B. VSI Program. All VSI program payments made after December 31, 1992, are paid from a Voluntary Separation Incentive Fund (hereafter referred to as the “Fund”) established by the Department of the Treasury. The Fund is used to accumulate amounts needed to finance liabilities accrued under the VSI program.

010503. Responsibilities

A. The Office of Deputy Comptroller (Program/Budget) (ODC(P/B)), Office of the Under Secretary of Defense (Comptroller) includes in Military Personnel Appropriations requests the amounts sufficient to fund SSB/VSI payments and to liquidate the unfunded liabilities of the Fund in accordance with amortization schedules determined by the DoD Board of Actuaries.

B. The Military Departments deposit amounts annually for liquidation of the original unfunded liability and all other payments due into the Fund according to the amortization schedule provided by the DoD Board of Actuaries and the Military Department specific “break-outs” determined by the Office of the ODC(P/B).

C. DFAS shall:

1. Establish appropriate operational procedures to manage fiscal aspects of the SSB program and prepare necessary fiscal reports.
2. Establish appropriate operational procedures to manage fiscal aspects of, account for, invest, and report on the assets of the Fund.

010504. ProceduresA. The Military Departments shall:

1. Deposit required amounts into the Fund (in accordance with subparagraph 010503.B., above) by use of the USA Card-On-line Payment and Collection System (OPAC) or the SF 1081 (Voucher and Schedule of Withdrawals and Credits) citing

account 97X8335.1. A copy of SF 1081 is forwarded by facsimile to DFAS-HQ/AE (FAX (703) 607-2824). Forward this copy no later than three business days prior to the effective date of the transaction.

2. Record obligations in the respective Military Personnel Appropriations annually in amounts equal to those determined by the DoD Board of Actuaries in its amortization schedule. Disbursements from the Military Personnel Appropriation to the Fund equal the amounts obligated.

3. Authorize transfer of funds from the Military Personnel Appropriation to the Fund. Report total current liability payments to the Fund annually, using the USA Card, OPAC, or an SF 1081, both as a disbursement from the applicable Military Personnel Appropriation (as cited in subparagraph 010504.A.1, above) and as a deposit to the Fund. Forward a copy of the SF 1081 to DFAS-HQ/AE by electronic media no later than three business days prior to the end of the month.

4. Submit a memorandum to DFAS-HQ/AE (FAX (703) 607-2824) indicating the estimated initial disbursements to members for the next month.

B. The DFAS shall:

1. Make the initial VSI payments from the Fund charging account 97X8335.

2. Report collection and disbursement transactions in the monthly Statement of Transactions (DD Form 1329).

3. Ensure applicable transactions are recorded in the appropriate budgetary and proprietary accounts in all military pay and other accounting systems as prescribed in this Regulation.

4. Ensure the Fund is classified as a trust fund and is designated as account number 97X8335, VSI Fund. This Fund consists of both a receipt and an expenditure account.

a. Make deposits to the following Fund receipt accounts as applicable:

(1) 97X8335.1 - Employing Agency Contributions, VSI Fund. Payments from the Military Departments for accrual of future VSI programs.

(2) 97X8335.2 - Earnings of Investments, VSI Fund. Payments of interest by Treasury on Fund investments.

b. Use the following accounts for reporting investment activity within the Fund:

(1) (88)97X8335 - Investment in Treasury Securities VSI Fund. To record the purchase of Treasury securities in the Fund.

(2) (98)97X8335 - Redemption of Treasury Securities VSI Fund. To record the redemption of Treasury securities.

(3) (75)97X8335 - Unrealized Discount on Treasury Securities. To record unrealized discounts on Treasury securities.

c. Amounts deposited to the above receipt accounts are immediately available to the Fund for investment or payment of VSI benefits. After December 31, 1992, the DFAS-Cleveland Center makes all anniversary payments of benefits payable to persons under this program from the Fund, charging account 97X8335. The DFAS-Cleveland Center also submits to DFAS-HQ/AE a monthly forecast of anniversary payments. Either one month's forecast is submitted each month or a twelve month forecast is due annually. In either case, the forecast submission is due no later than three business days prior to the month the disbursements are expected to occur. The DFAS-Denver Center makes anniversary payments to beneficiaries and submits a forecast of beneficiary payments to DFAS-HQ/AE.

d. Perform accounting at the budget activity level, at a minimum. Establish lower level accounts as necessary to meet reporting requirements.

5. Ensure the following VSI and SSB reporting requirements are met:

a. Appropriation Status by Fiscal Year Program and Subaccounts (Acct Rpt (M) 1002). The DFAS reports according to the instructions in Volume 6, Chapter 4, of this Regulation (reference (d)). DFAS-HQ/AE submits this report for the Fund expenditure account using Budget Activity 1 for Officers and Budget Activity 2 for Enlisted Personnel, as currently required for DoD Military Personnel Appropriations. Each DFAS Center submits feeder reports according to the schedule of due dates published by DFAS-HQ/AE. Complete all applicable columns of the report, including disbursements for each budget subactivity.

(1) SSB Program. Report obligations by fiscal program year within Acct Rpt(M)1002 by budget category as a separate line. Use two separate cost categories as shown below:

Special Separation Benefit  
(SSB) – Officers  
Cost of Personnel

Special Separation Benefit  
(SSB) - Enlisted  
Cost of Personnel

(2) VSI Program. Report military personnel separated under this program on or after January 1, 1993, separately under account 97X8335 in the Acct Rpt(M)1002 by budget category. Use two separate cost categories as shown below:

Voluntary Separation Incentive  
(VSI) – Officers  
Cost of Personnel

Voluntary Separation Incentive  
(VSI) - Enlisted  
Cost of Personnel

b. Report on Budget Execution (SF 133). DFAS submits an SF 133 for the Fund's receipt and expenditure accounts. Each DFAS Center submits feeder SF 133 reports on its disbursements by limits established for each Military Service and for initial, anniversary, and beneficiary payments to DFAS-HQ/AE.

<b>VOLUNTARY SEPARATION INCENTIVE PROGRAM RECAP OF DFAS RESPONSIBILITIES</b>		
<b>EVENT</b>	<b>DFAS CENTERS</b>	<b>DFAS-CL</b>
Military Pay Appropriation (MPA) authorized to finance the annual payment to the VSI Trust Fund	Record receipt of the MPA fund authorization	
Make annual Military Service payment determined by the DoD Board of Actuaries to liquidate the unfunded liabilities. Payments financed by the Services' Military Pay Appropriations are due each January beginning in FY 1993 and are deposited into the VSI Trust Fund	<p>Prepare the annual payment charging the MPA accounting and crediting 97X8335.1 (See Note 1)</p> <p>Forward the SF 1081 to the disbursing office for processing</p> <p>Simultaneously record MPA obligations and disbursements for the amount of the annual payment</p> <p>Forward a copy of the SF 1081 annual payment voucher to DFAS-HQ/AE</p>	
Receive annual Military Service payments		Record the VSI Trust Fund receipts
Issue/receive VSI Trust Fund authorization documents	Accept, process and record the VSI Trust Fund allocation received (See Note 2)	Issue VSI Trust Fund authorization document

**Table 1-1. Voluntary Separation Incentive Program Recap of DFAS Responsibilities**

<b>VOLUNTARY SEPARATION INCENTIVE PROGRAM RECAP OF DFAS RESPONSIBILITIES (continued)</b>		
<b>EVENT</b>	<b>DFAS CENTERS</b>	<b>DFAS-CL</b>
Reverse MPA disbursements made for initial VSI Trust Fund account. Reverse disbursements are processed in the same month in which the summary recap is produced in the military payroll system	<p>Prepare SF 1081 charging 91X8335, limit for initial payment, and budget activity code 2 for Enlisted Personnel</p> <p>Forward the SF 1081 to the disbursing office for processing</p> <p>Provide DFAS-HQ/AE a copy of the SF 1081 on or before the 5<sup>th</sup> business day of the month following the month the trust fund disbursements were processed</p> <p>Enter processed SF 1081 voucher in the MPA and VSI Trust Fund accounting records</p>	
Forecast VSI Trust Fund cash requirements. (DFAS-CL is responsible for forecasting anniversary payments.)	<p>Submit monthly or yearly to DFAS-HQ/AE a forecast of anniversary payments by month</p> <p>Submit a revised forecast on an as required basis</p>	
Purchase/redemption of securities		Enter investment transactions in the VSI Trust Fund accounting records

**Table 1-1. Voluntary Separation Incentive Program Recap of DFAS Responsibilities  
(Continued)**

<b>VOLUNTARY SEPARATION INCENTIVE PROGRAM RECAP OF DFAS RESPONSIBILITIES (continued)</b>		
<b>EVENT</b>	<b>DFAS CENTERS</b>	<b>DFAS-CL</b>
Process VSI anniversary payments. (DFAS-CL has responsibility for anniversary payments.)	<p>Prepare voucher for anniversary payments charging 97X8335, limit for anniversary payments, and the application budget activity code</p> <p>Forward payment to the disbursing office for processing</p> <p>Provide DFAS-HQ/AE a copy of the SF 1081 on or before the 5<sup>th</sup> business day of the month following the month the trust fund disbursements were processed</p> <p>Enter processed vouchers in the VSI Trust Fund accounting records</p>	
Process VSI payments to beneficiaries. (DFAS-DE has responsibility for beneficiary payments.)		

**Table 1-1. Voluntary Separation Incentive Program Recap of DFAS Responsibilities  
(Continued)**

<b>VOLUNTARY SEPARATION INCENTIVE PROGRAM RECAP OF DFAS RESPONSIBILITIES (continued)</b>		
<b>EVENT</b>	<b>DFAS CENTERS</b>	<b>DFAS-CL</b>
Year end processing	Transfer all VSI initial payments charged to Military Pay appropriations to the VSI Trust Fund prior to the end of the fiscal year	
Prepare monthly reports	<p>Submit Acct Rpt (M) 1176 and DD-Comp (M) 1002 feeder reports for the VSI Trust Fund to DFAS-HQ/AE. Report level for SF 1176 data is appropriation and for SF 1002, appropriation/limit/budget activity</p> <p>Submit Statement of Transaction (DD Form 1329) to Treasury Department</p>	<p>Receive feeder reports, record monthly execution in the departmental accounting record, and prepare the departmental reports for the VSI Trust Fund</p>

## NOTES:

1. The Military Services may prepare annual payment.
2. The Military Services may accept fund authorization.

**Table 1-1. Voluntary Separation Incentive Program Recap of DFAS Responsibilities  
(Continued)**